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DIRECTORATE OF  
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# *Central Intelligence Bulletin*

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USSR-US: The most noteworthy remarks in President Podgorny's speech as carried in a TASS summary yesterday were directed at the US and Europe.

Speaking on the occasion of the 52nd anniversary of the October Revolution, Podgorny said that a positive outcome of the upcoming strategic arms limitations talks could lead to Soviet-US progress in other fields. He warned, however, that the USSR "has never allowed and never will allow anybody to speak to it from a position of strength," thus reflecting a familiar Soviet sensitivity.

Podgorny professed interest in improving relations with the US, but went on to criticize American foreign policies. Accusing the US of actions which contradict its official statements, Podgorny reiterated standard Soviet charges that Washington is responsible for the war in Vietnam and tensions in the Middle East. He dismissed President Nixon's speech of 3 November for allegedly failing to show a "sober" approach to ending the war.

A good part of the speech was devoted to Europe and to presenting Moscow's case for the early convening of a security conference. Podgorny claimed that many European states had responded favorably to the idea. He followed this with a discussion of the "successful development" of Soviet relations with France. The Franco-Soviet statement concluding the recent visit to Moscow by French Foreign Minister Schumann contained favorable comment on the conference proposal, statements that members of NATO have found disturbing.

Podgorny was cautiously positive in his comments on West Germany. Although he said that the USSR would wait for the Brandt government to prove itself by its "practical deeds," he clearly implied that Moscow was hopeful that changes for the better were in prospect.

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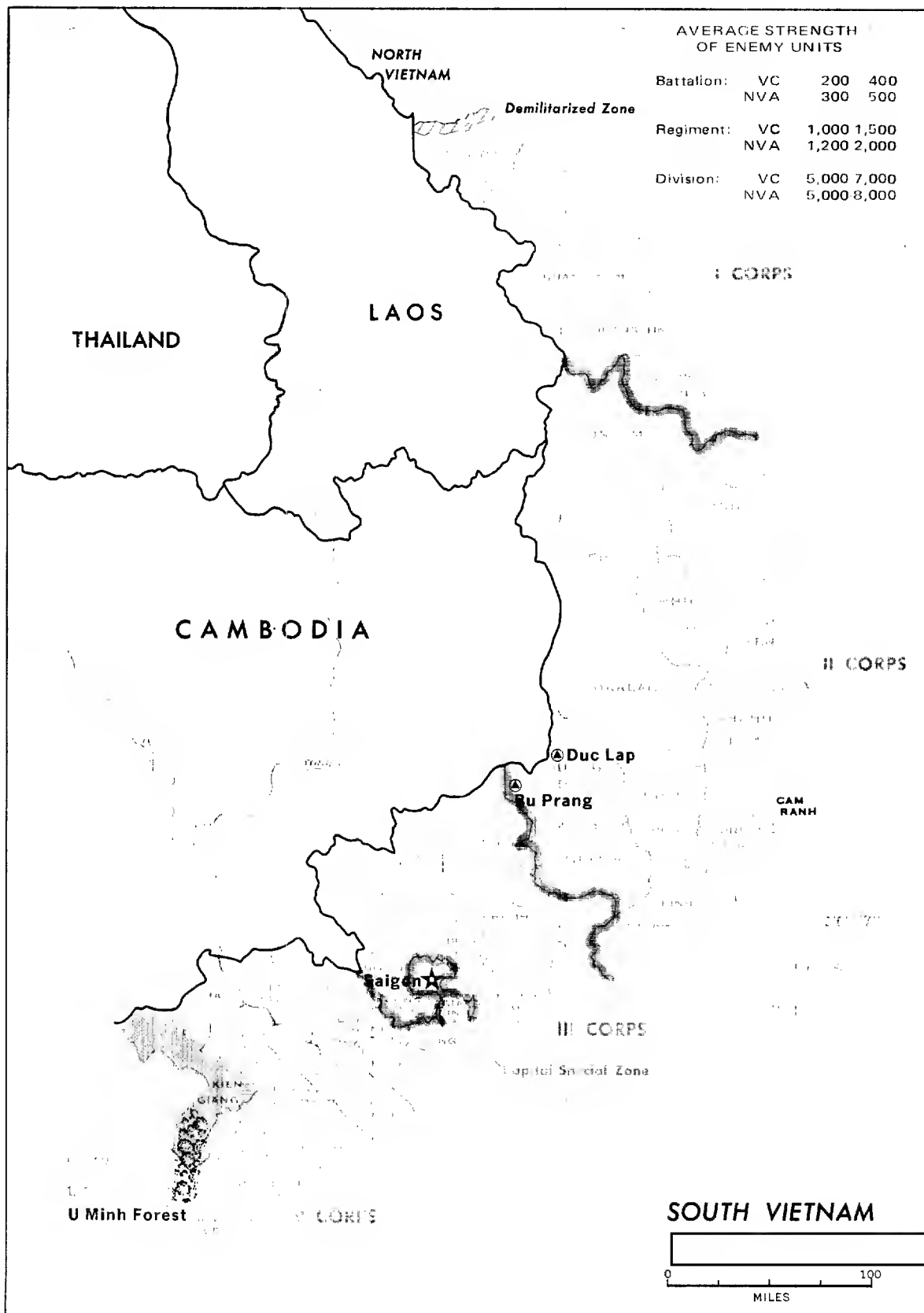
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South Vietnam: The Communists are challenging South Vietnamese forces in several areas, but especially in the central highlands and the delta provinces.

A strong enemy force, estimated at battalion strength, struck a South Vietnamese naval base in southern Kien Giang Province yesterday, killing 23 and wounding 98 of the defenders. South Vietnamese naval and marine units have been assuming more responsibility for the delta waterways in recent months. Nearly 100 Communists, probably from the Viet Cong 273rd Regiment, were killed during the five-hour engagement. This regiment, which is 80 percent composed of North Vietnamese regulars, has been holed up in the U Minh Forest following its southward move from III Corps earlier this year.

This large-scale attack in the delta follows closely a series of strong offensive thrusts against South Vietnamese forces in the Bu Prang - Duc Lap sector of southern II Corps. This remote area, containing two Special Forces camps, has been the main responsibility of South Vietnamese forces in recent weeks.

The Communists may be testing the abilities of the South Vietnamese to stand alone and defend areas where they have heretofore been supported by US ground troops. The Communists may also be seeking to force the US to redeploy fighting units to bolster weakened South Vietnamese forces and allied bases in remote areas. Recently captured documents indicate this will be a goal of Communist tactics over the next few months.

(Map)

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Communist China - USSR: Three weeks of negotiations in Peking have failed to produce even preliminary agreements.

The Chinese, concerned over the Soviet military buildup on their borders, appear to be pressing hard for a firm preliminary agreement on military disengagement in disputed areas in order to avert further conflicts. The Russians, judging that they presently hold the military and political advantage, are reported to be reluctant to reach such a tactical accord without broader agreement on specific territorial differences. [REDACTED]

[REDACTED] the Soviets appear more flexible over the status of the Amur and Ussuri River islands, where the serious border clashes first broke out last March, than over other areas formally in dispute.

Although the Soviets continue to maintain an optimistic public attitude, several Russian political journalists indicated early this week to US officials that the Soviets were finding the going difficult in Peking. The Chinese have also taken steps to make public their version of the impasse. A Hong Kong Communist newspaper yesterday blamed the lack of progress in Peking on Moscow's desire to negotiate from a position of strength and strongly reiterated the Chinese contention that an agreement to calm down the frontier must precede negotiations on substantive issues.

Despite these intimations of stalemate, both sides appear to want the talks to continue. Each continues to mute propaganda attacks against the other. [REDACTED]

the top two members of each delegation are meeting privately in an effort to overcome the deadlock.

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**[** Egypt: The militant tone of Nasir's speech yesterday reflects the mood of pessimism prevalent in the Middle East.

Nasir opened this session of Egypt's National Assembly with probably his most hawkish speech since the June 1967 war. Adhering almost solely to the theme of the battle with Israel, he repeated his declaration that "what has been taken by force can only be regained by force." In language that reflected the pessimism rampant in the Arab world, Nasir called on all Arabs to forgo fighting among themselves in order to concentrate on the struggle with Israel, and sounded anew his call for an Arab summit meeting.

Nasir talked of the chances for a political settlement to the Middle East impasse in the past tense, and his address clearly indicated that he sees little hope for a peaceful solution to the problem. "Everything up to this moment has been a lost effort," Nasir said, and continued, "there is no longer any way out except to open our own road toward what we want by force."

In spite of this, Cairo will probably continue to cooperate with the efforts of the big powers and the UN in searching for a political settlement. Egypt's public line, however, will continue to be harsh, both as a reflection of genuine pessimism and as a way to put pressure on Tel Aviv.

The Egyptian President's remarks clearly named the USSR as a friend of the Arabs and the US as their enemy. In a brief attack against the US for its support of Israel, Nasir echoed charges current in the Middle East that "US military personnel in the Israeli Army are fighting us from behind guns and in the planes which are falsely emblazoned with the Star of David."

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【 Nasir's warlike pronouncements will probably set the tone for the Joint Arab Defense Council meeting in Cairo tomorrow. They will probably also be loudly acclaimed by Arab nationalist elements throughout the Middle East. 】

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Egyptian commando raids across the Suez Canal have increased in frequency in the past two days. Egypt made one foray across the canal on Wednesday and two yesterday. Such thrusts, although worrisome to the Israelis, do little real damage. They do, however, convey to the Egyptian public the impression that their forces are carrying the battle to the enemy, and they may have been designed to set the stage for Nasir's speech yesterday. Israel, for its part, is also mounting air strikes and commando raids--the latest on 3 November--along the Gulf of Suez.

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Mozambique: A split has appeared within the leadership of the Mozambique Liberation Front (FRELIMO), the country's largest insurgent group.

Uria Simango, a member of the three-man Presidential Council that took over after front leader Eduardo Mondlane was assassinated earlier this year, has publicly accused the other two members of fomenting internal strife. He has demanded several changes in the operations of the movement and has threatened to resign if his demands are not met.

Simango, who was vice president of FRELIMO before Mondlane's death, has apparently been losing ground steadily since the triumvirate was installed last April. His public outburst therefore appears to be a desperate, last-ditch attempt to rally dissatisfied elements within FRELIMO behind him.

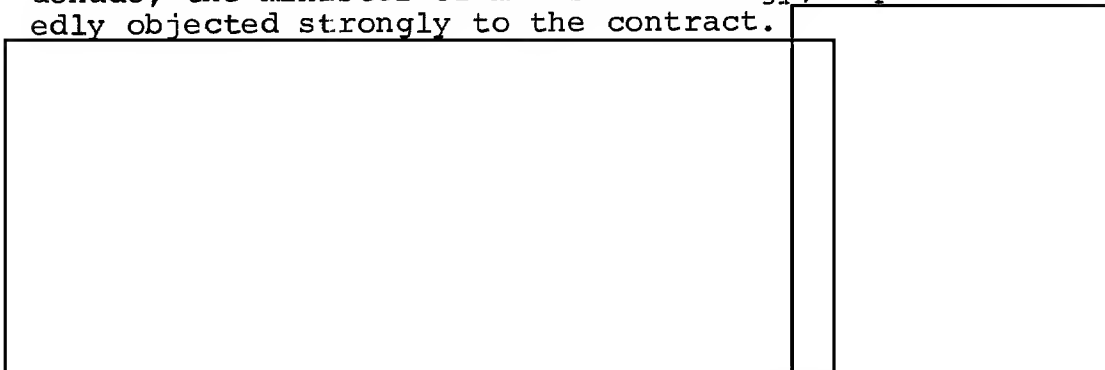
How much support he can command is unknown, but the fact that he has brought the quarrel out in the open suggests that his position is weak. Although it is possible that his action could lead to a deep division within the ranks, it is more likely that Simango has only hastened his ouster from the leadership.

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Peru: President Velasco's failure to obtain unanimity in the cabinet is delaying final approval of a US mining company's investment contract with the government.

Velasco announced last month that the Southern Peru Copper Corporation (SPCC) would invest up to \$500 million to develop its Cuacone concession and to build an ore refinery. General Fernandez Maldonado, the minister of mines and energy, reportedly objected strongly to the contract.



President Velasco apparently believes that the SPCC agreement is vital to restoring business confidence in Peru and that it will help considerably in obtaining other needed foreign investment and refinancing the country's foreign debt. Velasco was joined by the moderates and economic realists in the cabinet in defeating Fernandez Maldonado's proposal, but was unable to obtain unanimous approval of the contract.

President Velasco reportedly is trying to soothe Fernandez Maldonado, who has threatened to resign if the contract is approved. [Velasco may try to force further concessions from the company to placate the minister, but will undoubtedly seek an early solution to the present impasse.]



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European Community: A far-reaching preferential trading arrangement that could bring Spain closer to Community association or membership in the post-Franco era may be concluded in early December.

At the negotiating session that ended last Monday, the Community offered Spain an arrangement whereby the EC would reduce tariffs on Spanish industrial products up to 60 percent and Spain would grant a 40 percent reduction on industrial products to the EC. The Community would also grant limited preferences on Spanish olive oil, sherry, and some other wines. A joint administrative body would be set up to oversee the arrangement. A second stage of the arrangement, largely undefined, is contemplated for the future.

Spain had hoped for a more extensive Community offer, especially in the areas of citrus fruits, quality wines, and textiles. As a result of its disappointment, Madrid is reconsidering its position on the EC industrial products for which it is willing to reduce tariffs.

In its first policy statement, the new Spanish cabinet stressed that it intends to emphasize negotiations with the Community. The Spaniards hope that the trading arrangement will be the first step on the road to ultimate Community association or membership, for which Spain began working in 1962. The undefined second stage of the trading arrangement no doubt strengthens this hope, as does the provision for an administrative body in the first stage.

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USSR-Cuba: No reasons have been given for the visit to Cuba scheduled "soon" by Soviet Defense Minister Grechko. A brief announcement yesterday on Havana radio stated that the visit would be in response to an invitation by the Cuban minister of the armed forces, Raul Castro. There have been no recent reports of any problems associated with the Soviet military aid program or the Soviet military mission in Cuba. Grechko can be expected, however, to review the work of Soviet military advisers and technicians. No high-level Soviet official has visited Cuba since Premier Kosygin's side journey from New York during the July 1967 UN session on the Arab-Israeli crisis. [REDACTED]

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Venezuela: There were a number of clashes between army units and guerrillas in widely scattered areas of the country this week. At least two soldiers were killed, and several were wounded. Guerrilla casualties have not been confirmed, but government sources claim that three were killed. The continuation of guerrilla activities in the face of the government's offer of amnesty will increase military pressure on President Caldera to revise the pacification program that he instituted shortly after taking power last March. [REDACTED]

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